

PREFERRED RISK LIFE INSURANCE COMPANY

1111 Ashworth Road, West Des Moines, Iowa 50265-3537

A Stock Company

| | |
|---------------|----------------------------------|
| Policy Number | 5776395 |
| Insured | JAMES ARTHUR SMITH |
| Plan | FLEXIBLE PREMIUM ADJUSTABLE LIFE |
| Policy Date | 4/02/1991 |

WE WILL PAY the Proceeds Payable on Death to the beneficiary, subject to the provisions of your policy, when due proof of the Insured's death is received at our Executive Office.

WE WILL PAY the Proceeds Payable on Maturity to the Owner on the Maturity Date, subject to the provisions of your policy, if the Insured is living on that date.

The Owner and the Beneficiary are as named in the application unless changed as provided in your policy. Your policy is issued in consideration of the application and payment of a premium.

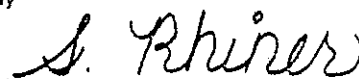
Signed for Preferred Risk Life Insurance Company at the Executive Office, 1111 Ashworth Road, West Des Moines, Iowa 50265-3537.



Secretary

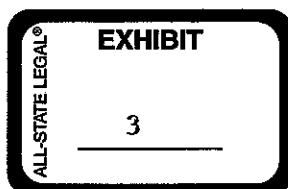


President



Registrar

20-DAY RIGHT TO EXAMINE POLICY: Your policy may be returned to either your agent or our executive office within twenty days of its receipt if you wish. We will refund any premium paid and your policy will be considered void from its inception. **THIS IS A LEGAL CONTRACT. PLEASE READ IT CAREFULLY.**



FLEXIBLE PREMIUM ADJUSTABLE LIFE POLICY.

Adjustable Death Proceeds Payable at Death Prior to the Maturity Date.

Flexible Premiums Payable Until Maturity Date or Prior Death.

Net Fund Value Payable if Insured is Living on Maturity Date.

Non-Participating. No Dividends are Payable.

DEFINITIONS:

YOU, YOUR — means the Owner of this policy.

WE, OUR, US means Preferred Risk Life Insurance Company.

THE INSURED — means the individual named as the Insured on page 3 of this policy. The Insured may or may not be the Owner.

POLICY SUMMARY

It is important that you understand your insurance policy. We have used simple words in this brief summary and in the policy. This summary is not a substitute for the detailed policy provisions.

This is a flexible premium adjustable life to age 95 policy. An adjustable Death Benefit is payable upon the death of the Insured before the Maturity Date. The Net Fund Value is payable if the Insured is alive on the Maturity Date.

Premiums are payable until the Maturity Date. Sufficient premiums must be paid to continue the policy in force until then. Premium reminder notices will be sent for planned premiums and for premiums required to continue the policy in force. There is a right to reinstate the policy.

While the Insured is living some of the rights you have are the right to:

- change the Owner and the Beneficiary
- change the amount of insurance
- change the Death Benefit Option
- change premiums
- make loans
- make partial withdrawals
- surrender the policy
- choose alternate methods for payment of benefits

TABLE OF GUARANTEED MAXIMUM COST OF INSURANCE RATES FOR THE STANDARD RATE CLASS

| Attained Age | Nonsmoker Premiums | Standard Premiums | Attained Age | Nonsmoker Premiums | Standard Premiums | Attained Age | Nonsmoker Premiums | Standard Premiums |
|--------------|--------------------|-------------------|--------------|--------------------|-------------------|--------------|--------------------|-------------------|
| 0 | . | \$0.09 | 32 | \$0.13 | \$0.19 | 64 | \$1.59 | \$2.77 |
| 1 | . | 0.09 | 33 | 0.13 | 0.20 | 65 | 1.76 | 3.03 |
| 2 | . | 0.08 | 34 | 0.13 | 0.21 | 66 | 1.95 | 3.31 |
| 3 | . | 0.08 | 35 | 0.14 | 0.22 | 67 | 2.16 | 3.60 |
| 4 | . | 0.08 | 36 | 0.15 | 0.23 | 68 | 2.38 | 3.89 |
| 5 | . | 0.08 | 37 | 0.16 | 0.25 | 69 | 2.62 | 4.21 |
| 6 | . | 0.07 | 38 | 0.17 | 0.28 | 70 | 2.89 | 4.56 |
| 7 | . | 0.07 | 39 | 0.18 | 0.30 | 71 | 3.25 | 4.95 |
| 8 | . | 0.06 | 40 | 0.19 | 0.33 | 72 | 3.56 | 5.39 |
| 9 | . | 0.06 | 41 | 0.21 | 0.36 | 73 | 3.97 | 5.89 |
| 10 | . | 0.06 | 42 | 0.22 | 0.40 | 74 | 4.43 | 6.43 |
| 11 | . | 0.06 | 43 | 0.24 | 0.44 | 75 | 4.92 | 7.03 |
| 12 | . | 0.07 | 44 | 0.26 | 0.48 | 76 | 5.45 | 7.65 |
| 13 | . | 0.08 | 45 | 0.28 | 0.52 | 77 | 6.01 | 8.28 |
| 14 | . | 0.10 | 46 | 0.30 | 0.57 | 78 | 6.58 | 8.90 |
| 15 | . | 0.11 | 47 | 0.32 | 0.62 | 79 | 7.19 | 9.55 |
| 16 | . | 0.13 | 48 | 0.35 | 0.67 | 80 | 7.87 | 10.24 |
| 17 | . | 0.14 | 49 | 0.38 | 0.73 | 81 | 8.62 | 10.99 |
| 18 | . | 0.15 | 50 | 0.41 | 0.79 | 82 | 9.47 | 11.82 |
| 19 | . | 0.16 | 51 | 0.45 | 0.87 | 83 | 10.42 | 12.75 |
| 20 | . | 0.16 | 52 | 0.49 | 0.95 | 84 | 11.47 | 13.73 |
| 21 | \$0.14 | 0.19 | 53 | 0.54 | 1.05 | 85 | 12.59 | 14.73 |
| 22 | 0.14 | 0.19 | 54 | 0.59 | 1.15 | 86 | 13.75 | 15.73 |
| 23 | 0.13 | 0.19 | 55 | 0.65 | 1.26 | 87 | 14.95 | 16.70 |
| 24 | 0.13 | 0.18 | 56 | 0.72 | 1.38 | 88 | 16.16 | 17.76 |
| 25 | 0.13 | 0.18 | 57 | 0.79 | 1.51 | 89 | 17.41 | 18.81 |
| 26 | 0.12 | 0.17 | 58 | 0.87 | 1.64 | 90 | 18.69 | 19.86 |
| 27 | 0.12 | 0.17 | 59 | 0.96 | 1.78 | 91 | 20.05 | 20.94 |
| 28 | 0.12 | 0.17 | 60 | 1.05 | 1.94 | 92 | 21.52 | 22.09 |
| 29 | 0.12 | 0.17 | 61 | 1.16 | 2.11 | 93 | 23.16 | 23.57 |
| 30 | 0.12 | 0.18 | 62 | 1.29 | 2.30 | 94 | 25.26 | 25.48 |
| 31 | 0.12 | 0.18 | 63 | 1.43 | 2.53 | | | |

*Issues under age 21 may qualify for the Nonsmoker risk class at age 21.

PREFERRED RISK LIFE INSURANCE COMPANY

POLICY NUMBER:
5776395

POLICY SPECIFICATIONS

INSURED: JAMES ARTHUR SMITH MONTHLY DEDUCTION DAY: 2ND
 AGE AND SEX: 50 MALE ISSUE DATE: 4/02/1991
 INITIAL SPECIFIED AMOUNT: \$50,000 MINIMUM MONTHLY PREMIUM: \$111.55
 DEATH BENEFIT OPTION: 1-LEVEL PLANNED PREMIUM: \$50.00
 OWNER: JAMES ARTHUR SMITH PAYABLE: MONTHLY

| FORM NO. | BASE PLAN | SPECIFIED AMOUNT | RATE CLASS | MATURITY DATE |
|----------|----------------------------------|------------------|-----------------|---------------|
| L1205 | FLEXIBLE PREMIUM ADJUSTABLE LIFE | \$50,000 | STANDARD SMOKER | 4/02/2036 |

*This policy will continue to the maturity date if premiums paid and interest credited are adequate to continue coverage to that date. Guaranteed Maximum Cost of Insurance rates are on policy page 2.

| FORM NO. | RIDERS | ISSUE DATE | MONTHLY PREMIUM | BENEFIT AMOUNT | RATE CLASS | EXPIRY DATE |
|----------|-------------------------|------------|-----------------|----------------|------------|-------------|
| L5980 | WAIVER OF MO. DEDUCTION | 4/02/1991 | \$11.06 | | STANDARD | 4/02/2001 |
| L5679 | INFLATION PROTECTOR | 4/02/1991 | \$0.00 | | STANDARD | 4/02/2011 |
| L1903 | ACCELERATED BENEFIT | 4/02/1991 | \$0.00 | | STANDARD | 4/02/2036 |

(MONTHLY RIDER COSTS VARY BY ATTAINED AGE--SEE RIDER. THE RATES QUOTED ARE FOR THE FIRST POLICY YEAR.)

EXPENSE AND SURRENDER CHARGE SUMMARY

PERCENT OF PREMIUM CHARGE: 7.50%

MONTHLY POLICY FEE: \$4.00

For your policy at issue: Surrender Charges in policy year

| | | | |
|-----------------|-----------------|-----------------|----------------|
| 1 = \$1,809.00, | 2 = \$1,809.00, | 3 = \$1,809.00, | 4 = \$1,628.10 |
| 5 = \$1,447.20, | 6 = \$1,266.30, | 7 = \$1,085.40, | 8 = \$904.50 |
| 9 = \$723.60, | 10 = \$542.70, | 11 = \$361.80, | 12 = \$180.90 |

Additional Surrender Charges for any increase in Specified Amount will be applied according to a table based on the attained age of the insured on the issue date of the increase.

Guaranteed loan interest rate: 7% per year in advance
 Beneficiary: As named in the application, unless changed as provided herein

— SEE NEXT PAGE FOR ADDITIONAL INFORMATION —

POLICY SPECIFICATIONS (CONTINUED)

Illustration of Guaranteed Minimum Benefits and Values, based on Planned Benefits and Premiums set forth on page 3.

| AGE | END OF POLICY YEAR | MINIMUM DEATH BENEFIT | MINIMUM CASH VALUE | MINIMUM | |
|-----|--------------------------|-----------------------------|--------------------------|--------------|-----------|
| | | | | PAID-UP TERM | PERIOD |
| 50 | 1 | \$50,000 | \$2,898 | 4 YEARS, | 4 MONTHS |
| 51 | 2 | \$50,000 | \$3,091 | 4 YEARS, | 3 MONTHS |
| 52 | 3 | \$50,000 | \$3,239 | 4 YEARS, | 1 MONTHS |
| 53 | 4 | \$50,000 | \$3,509 | 4 YEARS, | 1 MONTHS |
| 54 | 5 | \$50,000 | \$3,715 | 3 YEARS, | 11 MONTHS |
| 55 | 6 | \$50,000 | \$3,846 | 3 YEARS, | 9 MONTHS |
| 56 | 7 | \$50,000 | \$3,889 | 3 YEARS, | 7 MONTHS |
| 57 | 8 | \$50,000 | \$3,829 | 3 YEARS, | 4 MONTHS |
| 58 | 9 | \$50,000 | \$3,658 | 3 YEARS, | 1 MONTHS |
| 59 | 10 | \$50,000 | \$3,358 | 2 YEARS, | 10 MONTHS |
| 60 | 11 | \$50,000 | \$3,136 | 2 YEARS, | 5 MONTHS |
| 61 | 12 | \$50,000 | \$2,787 | 2 YEARS, | 0 MONTHS |
| 62 | 13 | \$50,000 | \$2,289 | 1 YEARS, | 6 MONTHS |
| 63 | 14 | \$50,000 | \$1,423 | 0 YEARS, | 10 MONTHS |
| 64 | 15 | \$50,000 | \$343 | 0 YEARS, | 2 MONTHS |

Basis of calculations — Guaranteed Monthly Cost of Insurance rates are based on the 1980 Commissioners Standard Ordinary Mortality Table, age nearest birthday. The guaranteed interest rate is 4.5% per annum. All policy values are at least equivalent to those required by law in the state in which this policy is delivered.

Only under the most adverse economic conditions would interest drop to the guaranteed rate. Never could it go below 4.5%.

S T A T E M E N T O F U N D E R S T A N D I N G

Modified Endowment Contract

Your Universal Life Insurance Policy that you have applied for is an excellent plan that will provide for both your Life Insurance needs and for the accumulation of funds for your future. The interest earnings of the fund are tax deferred until you choose to take funds from the policy.

According to current federal income tax regulations, the premium deposits for the policy exceed the 7-Pay Cumulative Premium Test, causing the policy to be considered a "Modified Endowment Contract" for income tax purposes. This means that:

1. Any funds withdrawn or borrowed from the policy would be considered as interest out first and taxable in the year received.
2. In the case of a distribution caused other than by death or disability prior to your age 59½, a 10% penalty tax would be charged by the IRS in addition to normal income tax.

Life insurance plans with premiums that do not exceed the 7-Pay Cumulative premium are taxed as interest out last and are not subject to the 10% penalty tax for distributions made prior to age 59½. In either case, death benefits paid to a named beneficiary transfers without income tax.

Your signature below simply indicates to us that you have read this statement and understand the income consequences of withdrawing funds from the policy.

Date

Policyowner's Signature

Witness

PREFERRED RISK LIFE INSURANCE COMPANY
1111 Ashworth Road
West Des Moines, Iowa 50265

SM 032

PART I - 1. Full Name (Print) James Jackson
 (If married woman, show maiden name in parentheses)
 Single ☐ Married ☒ Widowed ☐ Divorced ☐ Separated ☐
 Mailing Address 3451 East St.
 City Montgomery State AR Zip Code 36110
 2. Birthplace? Birthdate? Ins. Height? Wt?
 State AR Mo. 11 Day 11 Yr. 40 Age? 50 Sex? M Ft. 6 In. - Lbs. 200
 3. Employer? Jackson Hqs.
 Occupation? Maintenance
 Duties? Maintenance
 4. Social Security Number: 423-48-5696

5. a. Any past, present, or expected aviation activities ☐ Yes ☒ No
 b. Any past, present, or expected rodeo, skin diving, sky diving activities, or racing, testing or stunt driving of automobiles, motorcycles, motor boats, snowmobiles or airplanes? ☐ Yes ☒ No
 (If yes to a or b above, attach completed questionnaire.)
 6. Do you now use alcoholic beverages in any form? ☐ Yes ☒ No
 7. Have you ever been treated for alcoholism, drug use, used drugs or alcohol to excess or been arrested for possession, sale or use? ☐ Yes ☒ No
 8. a. Do you use tobacco in any form? ☐ Yes ☒ No
 b. If prior use, how long since stopped?
 9. Will this policy replace any existing insurance or annuities in force in this or any other company? ☒ Yes ☐ No
P. Risk - Sea Back

10. Insurance Applied For? Life Plan Li. E. Amount \$ 50,000
 (If Universal Life, what Death Benefit? Option 1 ☒ or Option 2 ☐
 Term Rider: Amount \$
 Annuity Plan: Amount \$
 Disability Income Plan: Amount \$
 Earned Income: \$ (For Disability Income Plans Only)
 Automatic Premium: Loan (Not UL or Term) ☐ Yes ☐ No
 Additional Benefits: YES NO YES NO
 Cost of Living (UL Only) ☒ Family Plan (Not UL) ☐
 Waiver of Premium/Deduction ☒ Children's Term ☐
 Accidental Death Benefit ☐ Guaranteed Insurability ☐
 ADB Amount? Juvenile Payor Benefit ☐
 Other Requests?
 11. Premium quoted? \$ 50.00 Amt. Pd.? \$ 27.33
 ANN ☐ S-A ☐ QTR ☐ PAC ☒ Other ☐ Receipt Issued ☒

12. Beneficiaries? Please print full names Relationship Age
 First JEANETTE Smith Wife 49
 Contingent JAN M. GRANDALSKI Daughter 25
Joy L. Campbell Daughter 22
 a. Contingent Beneficiaries share and share alike, survivors or survivor? Yes ☒ No ☐
 b. Include future children of present marriage Yes ☐ No ☒
 13. Present life and disability insurance Life Acci. De... Mo. Income
 Co. and Issue Year P.R. Risk \$6,000 \$ 50,000 \$ 50,000

NON-MEDICAL LIMITS—(Include face amount of any riders and business in force with Preferred Risk) 15 days to 35 years—\$150,000; 36 to 40 years—\$100,000; 41 to 45 years—\$50,000; 46 to 50 years—\$25,000; 51 up needs physical. Is Physical Arranged Yes ☒ No ☐

PART II Has proposed insured: YES NO
 1. Had medical, surgical or other treatment or advice in past 5 years? ☐ Yes ☒ No
 2. Ever had an operation or blood transfusion; or has operation, restricted diet, use of heart, blood pressure or diabetes medication been advised? ☐ Yes ☒ No
 3. Ever had, been diagnosed as having, or does proposed insured now have:
 a. Disease or disorder of
 1) Lungs, bronchi; tuberculosis; exposure to tuberculosis; asthma? ☐ Yes ☒ No
 2) Heart, blood, blood vessels; high or low blood pressure, murmur? ☐ Yes ☒ No
 3) Esophagus, stomach, intestines, liver, gall bladder, rupture? ☐ Yes ☒ No
 4) Brain, nervous system; paralysis; convulsions; mental disorder? ☐ Yes ☒ No
 5) Back; muscles, bones, joints, limbs; rheumatism; arthritis? ☐ Yes ☒ No
 6) Kidneys, ureters, bladder, reproductive organs? ☐ Yes ☒ No
 7) Throat, lungs, bronchial tubes, spitting of blood, frequent or persistent cough? ☐ Yes ☒ No
 b. If proposed insured is a woman—1) Complications of pregnancy? ☐ Yes ☒ No
 2) Is proposed insured pregnant? ☐ Yes ☒ No
 c. Cancer; a growth; diabetes; impaired sight, hearing; syphilis? ☒ Yes ☐ No
 d. Acquired Immune Deficiency Syndrome, any immune disorder, or related condition? ☐ Yes ☒ No
 e. Are you currently taking any prescription medication? (If yes give details) ☐ Yes ☒ No
 f. Any other impairment, sickness, injury in past 5 years? ☐ Yes ☒ No
 4. A history in parents, brothers or sisters of:
 a. Mental illness, cancer, coronary disease, diabetes, a stroke? ☐ Yes ☒ No
 b. Death before age 60? (Relationship? Age? Cause of death?) ☐ Yes ☒ No
 5. Ever received sickness or injury benefits, compensation, pension? ☐ Yes ☒ No
 6. Ever had insurance refused, postponed, rated or limited? ☐ Yes ☒ No

IF YES, GIVE FULL DETAILS—AILMENTS; DATES; PHYSICIAN'S NAMES, ADDRESSES; OTHER COMPANIES, ETC.

PREFERRED RISK
 APR 02 1991
 LIFE INSURANCE

3C- PENDING GLASSES

SM 033

7. Usual physician Philip Robinson
 Address 1235 Forest Ave Phone 262-0312
Montgomery, AR

IT IS AGREED: 1) All statements in this application, which includes pages 2 and 3 if applicable, are, so far as I (we) know and believe, complete and true; 2) the Company is not bound by any statement not written in this application; 3) no agent can accept risks, modify policies, or waive any rights or requirements of the Company; 4) unless otherwise provided in a conditional receipt bearing the date of this application, no liability exists until a policy is accepted and the premium paid while, to the best knowledge and belief of the applicant; 5) the health and occupations of all persons proposed for health coverage are as described in this application; or 6) all persons proposed for coverage under a life policy are still living and in good health.

I hereby authorize any licensed physician, medical practitioner, hospital, clinic or other medical related facility, insurance company, the Medical Information Bureau or other organization, institution or person, that has any records or knowledge of me or my health, to give to the Preferred Risk Life Insurance Company, or its reinsurers, any such information. A photographic copy of this authorization shall be valid as the original. I acknowledge receipt of the Notice To Applicant—parts one and two.

James A. Smith
 Applicant (owner unless otherwise specified)
Montgomery, AR
 Proposed Insured (if other than Applicant)

James A. Smith
 Spouse (if Family Plan or Joint Life)
James A. Smith
 Proposed Payor (if other than Owner)
 1989

3/26/91
 Date Signed
 NO 219432-0

PART II OF APPLICATION FOR INSURANCE IN THE PREFERRED RISK LIFE INSURANCE COMPANY

| | | | | | |
|---|----------------------|---------------------------|--|-----------------------------|---|
| 1. Full First Name James | Initial AI | Last Name Smith | Date of Birth Month 11 Day 11 Year 40 | Place of Birth Al | Occupation Maintenance Specialist |
| 2a. Do you now use alcoholic beverages in any form? If "Yes", state kind, and daily, weekly or monthly amount. | | | 5. Have you ever been rejected, deferred or discharged by the Armed Forces because of physical or mental condition? | | |
| b. Have you ever been an habitual user of any habit-forming drug, or received treatment for alcoholism or drug habit? | | | 6. Has your application for life, health or accident insurance ever been rejected, rated up, restricted, postponed or withdrawn? If "Yes", give reason and date. | | |
| 3. Have you ever been on a restricted diet or received insulin? | | | 7a. Have your parents or any of your brothers or sisters ever had insanity or (diabetes)? | | |
| 4a. Have you gained/lost any weight in past year? lbs. gained lbs. lost Cause | | | b. Has any person in your immediate household had tuberculosis within the past 5 years? | | |
| b. How long has present weight been maintained? 2 yrs | | | | | |

Details of questions 2-7 answered "Yes" above.

| | | | |
|---|-----|----|---|
| 9. Have you ever had or been told you had: | YES | NO | Give name of disease or symptoms, number of attacks, dates, duration, severity and results, and attending physicians' names and addresses. 10 b. receives annual physical including B/P, u/A, routine blood tests, EKG, X-ray, all results normal for employment. Jackson Hospital 1235 Forest Ave Montgomery, AL 7a. mother now age 71 has insulin controlled diabetes age 50 onset |
| a. High blood pressure, pain or pressure in the chest, shortness of breath or palpitation; angina pectoris, heart murmur, coronary, rheumatic fever, or other disease of the heart? | X | | |
| b. Stroke, paralysis, epilepsy, insanity, dizziness, convulsions, nervous prostration, severe headaches or any disease of the brain or nervous system? | X | | |
| c. Pleurisy, asthma, tuberculosis, spitting of blood, chronic cough, or any disease of the throat, lungs or blood vessels? | X | | |
| d. Chronic indigestion, gastric or duodenal ulcer, diabetes, jaundice, chronic diarrhea, gallstones, or any disease of the liver? | X | | |
| e. Kidney stones, syphilis, or any disease of the kidneys, bladder or prostate, or albumin or sugar in the urine? | X | | |
| f. Enlarged glands, goiter, cancer or any tumor, gout, rheumatism, any disease of the skin, bones or joints; any defect of hearing or eyesight? | X | | |
| g. Acquired Immune Deficiency Syndrome, any immune disorder, or related condition? | X | | |
| 10a. Have you ever been in any hospital or sanitarium for rest, treatment, observation, diagnosis, or surgery? | X | | |
| b. Within the past five years have you undergone any special examinations or laboratory tests, such as X-rays, electrocardiograms, blood or urine tests? | X | | |

PREFERRED RISK

APR 08 1991

LIFE INSURANCE

SM 034

11a. Have you consulted or been examined by any other physicians or practitioners within the last 5 years? Yes or No

| NAME AND ADDRESS | REASON FOR CONSULTATION, EXAMINATION OR TREATMENT | DATE, DURATION AND RESULT |
|------------------|---|---------------------------|
| | | |

11b. Name of regular personal physician: **Dr. Phillip Robinson** Address: **1227 Pine Montgomery, AL**

12. Have you had any illness or injury not mentioned above? If "None", so state. **None**

| 13. Family Record | Age if Living | State of Health | Age at Death | Cause of Death | 14. To be completed if proposed insured is a woman. |
|-------------------|---------------|-----------------|--------------|----------------------------------|---|
| Father | | | 68 | Cancer of colon | a. Full Maiden Name? |
| Mother | 71 | fair | | | b. No. and character of labors? |
| Brothers | | | | | c. Date of last labor? |
| No. Living | 0 | | | | d. Are you now pregnant? No. of months? |
| No. Dead | 1 | | | 3 months Poisoned Control oil | e. Have you passed the change of life? |
| Sisters | | | | | f. Have you ever had any uterine, ovarian or breast disease, menstrual disorder, abortion or miscarriage? |
| No. Living | 4 | 52 | | | |
| No. Dead | 0 | 43 | | | |
| | | 34 | | | |
| | | good | | | |

I state that I am the person named as the proposed insured or the applicant in juvenile cases, and I declare and agree that the foregoing statements and answers and those contained in Part I of this application, each of which I have made and read, are complete, true and correctly recorded to the best of my knowledge and belief, and shall form the basis for and shall be a part of this contract of insurance.

I hereby authorize any licensed physician, medical practitioner, hospital, or other medically related facility, insurance company or other organization, institution or person, that has any information of me or my health, to give to Preferred Risk Life Insurance Company any such information. A photographic copy of this authorization shall be as valid as the original.

Dated at **Montgomery, AL** this **2nd** day of **April**, 19 **91**

Witnessed by **Nancy B. Schiffield S.A.** or **James A. Smith**

PREFERRED RISK LIFE INSURANCE COMPANY**WAIVER OF MONTHLY DEDUCTIONS RIDER****TOTAL DISABILITY BEFORE AGE 60**

Benefit — We will provide a waiver benefit for Total Disability of the Insured which:

- (1) starts while this rider is in force and before the policy anniversary nearest the Insured's 60th birthday; and
- (2) is continuous for at least 6 months.

The benefit will be a waiver of all Monthly Deductions, which become due while Total Disability continues, exclusive of 1) any premiums required for accidental death benefits, and 2) premiums for any increase in Specified Amount elected under any Guaranteed Insurability Rider during Total Disability. The benefit will be retroactive to the start of such disability. However, if notice and proof are not given within the times required by this rider, no Monthly Deduction due more than 12 months before the notice is received by us will be waived.

Total Disability — Total Disability means an inability due to sickness or injury to perform the duties of any occupation or any work for remuneration or profit. Occupation means any occupation for which the Insured is reasonably suited by education, training or experience. Due regard to prior vocation and earnings will be given.

The entire and permanent loss of the sight of an eye, or of the use of a hand or foot is a specified loss. Any two specified losses which occur while this rider is in force will be considered Total Disability.

Notice and Proof — Written notice and proof of disability will be required. Notice must be given to us while the Insured is alive and totally disabled. Proof must be given to us within 12 months after the notice is given. However, if notice or proof could not reasonably have been given within such times, they will be considered on time if given as soon thereafter as is reasonably possible.

After a claim is approved, we may require proof of continued total disability at reasonable intervals. After two years on waiver, proof will not be required more often than once a year. As part of the proof, we may at our own expense require that doctors of our own choice examine the person of the Insured. If the required proof is not given or if the Insured recovers, no further deductions will be waived.

Effect on Policy — Waiver of a Monthly Deduction will result in an increasing Cash Value because Monthly Deductions are not being made. All other

rights and benefits in your policy will be based on the larger Cash Value and be provided as if the Monthly Deduction were not required. However, certain provisions of your policy will be limited as follows:

1. The Specified Amount may not be changed during the Insured's Total Disability. This limitation will not apply to any right contained in any Guaranteed Insurability Rider, or any other similar rider which is part of this policy.
2. The Death Benefit Option may not be changed during the Insured's Total Disability.

War Service — This rider does not cover disability which results from military (land, sea or air) service by the Insured in time of war, declared or undeclared.

Monthly Rider Cost — The monthly rider cost will be (a) multiplied by (b) where:

- (a) is the Monthly Deduction for your policy and riders excluding the cost of this benefit rider and any Accidental Death Benefit rider; and
- (b) is the monthly rider rate, as determined from the table below. The monthly rider rate for each policy year is based on the age of the Insured on the birthday nearest the first day of that policy year.

The Monthly Deduction for this policy will be increased by the cost for this rider.

| MONTHLY RIDER RATE | | | | | |
|--------------------|-------|-----|-------|-----|-------|
| AGE | RATE | AGE | RATE | AGE | RATE |
| 20-27 | \$.04 | 49 | \$.10 | 55 | \$.16 |
| 28-34 | .05 | 50 | .11 | 56 | .17 |
| 35-42 | .06 | 51 | .12 | 57 | .18 |
| 43-46 | .07 | 52 | .13 | 58 | .19 |
| 47 | .08 | 53 | .14 | 59 | .20 |
| 48 | .09 | 54 | .15 | | |

Reinstatement — If the Insured is totally disabled on the date the policy lapses because of insufficient value, we will reinstate the policy if:

1. the request to reinstate is made within 12 months after the date of lapse;
2. the requirements of the notice and proof section of this rider are met;
3. the waiver of Monthly Deductions would otherwise have been granted.

Except as so modified, the reinstatement section of your policy applies to this rider.

PREFERRED RISK LIFE INSURANCE COMPANY

INFLATION PROTECTOR
COST OF LIVING INCREASE RIDER

Increase Benefit — At the option of the owner of the policy to which this rider is attached, the Specified Amount on the life of the Insured may be increased every second policy anniversary. Such increase will be based on an increase in the Consumer Price Index for All Urban Consumers (CPI).

Increase Requirements — The cost of living increases are subject to the following rules:

- (a) If each increase is taken, no evidence of insurability will be required notwithstanding the Changes in Insurance Coverage section of your policy. However, if the immediately preceding option was not exercised, then we may request evidence of insurability.
- (b) The increase will take place every second policy anniversary after the Issue Date of this rider. Such anniversary will be the effective date of the increase.
- (c) The Increase Amount will be the smaller of:
 - (1) The increase we compute from the Basis of Increase provision;
 - (2) 15% of the Specified Amount on the policy anniversary 2 years prior; or
 - (3) \$20,000;
 but not less than \$2,000.
- (d) The total amount of all increases under this rider will be the smaller of:
 - (1) four times the Specified Amount on the Issue Date of this rider; or
 - (2) \$200,000.
- (e) The Cost of Insurance rate for the increase will be based on attained age of the Insured. The rate class for the increase will be the rate class of the most recent prior increase after issue of this rider, other than increase under a Guaranteed Insurability Option rider. If there are no increases subsequent to the issue of this rider, the rate class shall be that shown on page 3 for this rider.
- (f) We will send the Owner a supplement to page 3 showing the Specified Amount increase.
 - (a) the Specified Amount on the policy anniversary 2 years prior; multiplied by
 - (b) the CPI factor.

The CPI factor will be the ratio to (b) of the excess of (a) over (b) where:

- (a) is the CPI 6 months prior to the effective date of the increase;
- (b) is the CPI 30 months prior to the effective date of the increase.

We may substitute an appropriate index for the CPI if:

- (a) its publication is not then available; or
- (b) the United States government has adopted another index generally accepted as a better measure of cost of living, subject to prior approval by the Alabama Insurance Commissioner.

Rejection of Increase — We will mail you a supplement to page 3 for any increase. You may reject the cost of living increase by notice to us and return of the supplement to page 3 within 30 days of its Issue Date.

Reinstatement — If this rider terminates by a, c or d under Termination below, you may reinstate it by providing us proof of good health and insurability. If this rider terminates under c below you must also comply with the requirements of the policy for reinstatement.

Termination — This rider will end on the first to occur of:

- (a) the date the Specified Amount of the policy is decreased;
- (b) the later of:
 - (1) the policy anniversary following your 65th birthday, or
 - (2) the 20th policy anniversary;
- (c) the date the policy terminates;
- (d) the Monthly Deduction date next following our receipt of your written request to terminate this rider.

This rider is part of the policy to which it is attached. This rider does not develop any cash value.

Basis of Increase — The Consumer Price Index For All Urban Consumers, U.S. City Average, All Items (CPI), as published by the United States Department of Labor, is the basis of this increase. The Increase Amount is determined as follows:

PREFERRED RISK LIFE INSURANCE COMPANY



President

PREFERRED RISK LIFE INSURANCE COMPANY

ACCELERATED BENEFITS RIDER

Subject to all the provisions of this rider and of the rest of the contract, we will make the payments described below if the Insured is terminally ill or is confined to a nursing home. Cash Values, Loan Values, and the Death Benefit will be reduced if you receive an Accelerated Benefit.

Accelerated Benefit payments may be taxable. Before electing this benefit you should consult your tax advisor.

Definitions

Convertible Proceeds — The proceeds we would pay under this contract at the death of the Insured, less any contract debt and any term insurance that comes from supplementary benefits (except Primary Insured Term Riders still in the conversion period).

Accelerated Benefit — The value we will use to determine the monthly benefit we will pay under the terminal illness option or the nursing home option. It will be computed based on: (1) the amount of convertible proceeds you place under the option; and (2) a reduced life expectancy. When we compute the life expectancy and the Accelerated Benefit, we will use mortality assumptions consistent with the reduced life expectancy of the Insured. We may change those assumptions from time to time. We may consider, among other things, the Insured's age and sex and which of the options is being applied for. We will also consider, if they apply:

1. expected future premiums;
2. the current rate of any excess interest credited on contract values; and
3. a processing charge of up to \$150.

The Accelerated Benefit for an option will be at least as great as the Cash Value of the contract multiplied by the percentage of the convertible proceeds placed under that option.

Eligible Nursing Home — An institution or special nursing unit of a hospital which meets at least one of the following requirements:

1. it is Medicare approved as a provider of skilled nursing care services; or
2. it is licensed as a skilled nursing home or as an intermediate care facility by the state in which it is located; or
3. it meets all the requirements listed below:

- a. it is licensed as a nursing home by the state in which it is located;
- b. its main function is to provide skilled, intermediate, or custodial nursing care;
- c. it is engaged in providing continuous room and board accommodations to 3 or more persons;
- d. it is under the supervision of a registered nurse (RN) or licensed practical nurse (LPN);
- e. it maintains a daily medical record of each patient; and
- f. it maintains control and records for all medications dispensed.

Institutions which primarily provide residential facilities are not eligible nursing homes.

Terminal Illness Option

To choose this option you must give us evidence that satisfies us that the Insured's life expectancy is 6 months or less; part of that evidence must be a certification by a licensed physician. This option provides equal monthly payments for 6 months. For each \$1,000 of Accelerated Benefit, each payment will be at least \$168.37; this assumes an annual interest rate of 5%.

If the Insured dies before all the payments have been made, we will pay the beneficiary in one sum. The one sum we pay will be the present value of the payments that remain; we will compute the value based on the interest rate we used to determine those payments.

If you do not want monthly payments, we will pay you the Accelerated Benefit in one sum upon your request.

Nursing Home Option

You may choose this option if: (1) the Insured is confined to an eligible nursing home and has been confined there for all of the preceding six months; and (2) you give us evidence that satisfies us that the Insured is expected to stay in the nursing home until death. Part of that evidence must be a certification by a licensed physician. This option provides level monthly payments for the number of years shown in the table that follows. For each \$1,000 of Accelerated Benefit, each payment will be at least the minimum amount shown in the table. The table uses an annual interest rate of 5%; we may use a higher rate.

| Attained Age of Insured | Payment Period in Years | Minimum Monthly Payment For Each \$1,000 of Accelerated Benefit |
|-------------------------|-------------------------|---|
| 64 and under | 10 | \$10.50 |
| 65 - 67 | 8 | 12.56 |
| 68 - 70 | 7 | 14.02 |
| 71 - 73 | 6 | 15.99 |
| 74 - 77 | 5 | 18.74 |
| 78 - 81 | 4 | 22.89 |
| 82 - 86 | 3 | 29.80 |
| 87 and over | 2 | 43.64 |

If the Insured dies before all the payments have been made, we will pay the beneficiary in one sum. The one sum we pay will be the present value of the payments that remain; we will compute the value based on the interest rate we used to determine those payments.

If we agree, you may choose a longer payment period than that shown in the table; if you do, monthly payments will be reduced so that the present value of the payments is the same. We will use an interest rate of at least 5%.

We reserve the right to set a maximum monthly benefit that we will pay under this option. If we do so, it will be at least \$5,000.

If you do not want monthly payments, we will pay you the Accelerated Benefit in one sum upon your request.

Effect on Contract

The convertible proceeds will be reduced by any amount converted under one of these options.

If you convert only a part of your convertible proceeds, the contract will stay in force and premiums will be reduced. For insurance included in the convertible proceeds, values and the amount of insurance will be reduced in the same proportion as the reduction in convertible proceeds.

If you convert only a part of your convertible proceeds, the convertible proceeds that remain must be at least \$25,000.

If you convert all of your convertible proceeds, all other benefits under the contract based on the Insured's life will end. Any insurance in force under a Children's Insurance Rider will stay in effect; we will waive all future premiums for that insurance.

Conditions

Your right to be paid under one of these options is subject to the following conditions:

1. An Accelerated Benefit Payment must be approved by any irrevocable beneficiary.
2. You must choose the option in writing in a form that meets our needs.
3. The contract must not be assigned except to us as security for a loan.
4. We reserve the right to set a minimum of no more than \$50,000 on the amount of convertible proceeds you may place under an option.
5. You must send us the contract.
6. The main purpose of life insurance is to meet your estate planning needs. This benefit provides for the accelerated payment of life insurance proceeds. It is not meant to cause you to involuntarily invade proceeds ultimately payable to the named beneficiary. Accelerated death benefits will be made available to you on a voluntary basis only. Therefore:
 - (a) If you are required by law to use this option to meet the claims of creditors, whether in bankruptcy or otherwise, you are not eligible for this benefit.
 - (b) If you are required by a government agency to use this option in order to apply for, obtain, or keep a government benefit or entitlement, you are not eligible for this benefit.

Right to Cancel

If you ask us in writing and send us the contract, we will cancel this rider.

Rider attached to and made a part of this contract on the Policy Date or date of later endorsement.

PREFERRED RISK LIFE INSURANCE COMPANY



Secretary

PREFERRED RISK LIFE INSURANCE COMPANY

ENDORSEMENTS

**STATEMENT OF COMPLIANCE WITH FEDERAL LAWS
ON FLEXIBLE PREMIUM POLICIES**

This endorsement is a part of the contract to which it is attached and is effective on the Policy Date of the contract.

Under the Tax Reform Act of 1984 two requirements must be met in order for your Flexible Premium Adjustable Life policy to maintain its status as life insurance under the Internal Revenue Code.

First, the amount of premiums that you may pay is limited. We will conduct a test no less often than annually and, for any year, refund the excess premiums.

Second, the Death Benefit payable may not be less than a certain percentage of your Cash Value. This percentage is based on the Insured's attained age and is 250% up to age 40 then decreases 7% yearly to age 45, then 6% yearly to age 50, then 7% yearly to age 55, then 4% yearly to age 60, then 2% yearly to age 65, then 1% yearly to age 70, then 2% yearly to age 75 with no further decrease until age 90, then 1% yearly to age 95. We will conduct a test no less often than annually and increase the Death Benefit subject to our then current underwriting limits and rules to be equal to the applicable percentage of your Cash Value, if necessary. The Death Benefit will remain at that level unless it has to be increased again or unless you ask us to change it. If we cannot increase the Death Benefit due to underwriting limits and rules, we will return the amount of Cash Value necessary so that the Death Benefit will be equal to the applicable percentage of your Cash Value after returning the amount.

We will perform any necessary action within 60 days of the end of the policy year in which the requirement has not been met.

We reserve the right to amend the contract to which this endorsement is attached to comply with:

1. Future changes in the Internal Revenue Code;
2. Any regulations or rulings issued under the Code; and
3. Any other requirements imposed by the Internal Revenue Service.

We will give you a copy of any such endorsement.

L5981(1284)

PROVISION FOR ADDITIONAL INTEREST AFTER 3 YEARS

The interest rate credited to this policy after the third policy anniversary shall be 1/2% more than the current rate then declared for this policy. The declared rate applies for the first three policy years. All other provisions in the policy relating to excess interest shall remain unchanged.

This endorsement applies to the Flexible Premium Adjustable Life Policy to which it is attached.

L-1804 (288)

PROVISION FOR PREMIUM PAYMENT BY PREAUTHORIZED CHECK

In accordance with the Insured's request that premiums on the policy to which this is attached be collected on the Company's Preauthorized Check Plan, the method of payment of premiums on this policy and on any Supplementary Contract attached thereto is hereby changed and such premiums hereafter becoming due during the period that they are paid by check pursuant to the Preauthorized Check Plan and prior to any change in the premium in accordance with the policy provisions, shall be payable monthly at a reduced rate.

Payment of premiums under the Preauthorized Check Plan may be terminated by the owner or the Company by 30 days written notice. The Company may terminate the Plan immediately if any check is not paid upon presentation. If the Plan is terminated, premiums will thereafter be payable in accordance with the terms of the policy without regard to this Endorsement.

L-5035 (878)

PREFERRED RISK LIFE INSURANCE COMPANY



President

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PREFERRED RISK LIFE INSURANCE COMPANY**OWNER AND BENEFICIARY**

Owner — During the lifetime of the Insured all rights granted by the policy or allowed by us belong to the Owner. If you are not the Insured and die before the Insured, the Insured becomes the Owner unless you have provided for a successor Owner.

Beneficiary — Unless this policy states otherwise, the rights of any Beneficiary who dies before the Insured belong to the Owner if living, otherwise to your estate.

Changes in Owner and Beneficiary — Unless this policy states otherwise, the Owner and the Beneficiary, or either of them, may be changed. This may be done as often as desired during the lifetime of the Insured and before the Maturity Date. A signed request must be sent to us. When we give our written acceptance, the change will take effect as of the date the request was signed. The change will be subject to any action which we take before the written acceptance.

Assignment — No assignment will bind us until it or a copy of it is received at our Executive Office. When it is received, the rights of the Owner and the Beneficiary will from then on be subject to the assignment. We are not obliged to see that the assignment is valid.

PROCEEDS PAYABLE

Proceeds Defined — Proceeds mean the amount payable on the death of the Insured, on the Maturity Date, or on surrender of this policy.

Death — The Proceeds Payable on Death mean the Death Benefit minus any loan balance outstanding on the date of death, plus interest as prescribed by law, if any, from the date of death to date of payment;

or

Maturity — The Proceeds Payable on Maturity means the Net Fund Value on the Maturity Date. The Net Fund Value will be the Value on the Maturity Date minus any loan balance outstanding on that date;

or

Surrender — The Proceeds Payable on Surrender of this policy will be the Cash Value.

Adjustments To Proceeds — All proceeds are subject to adjustments under the Age and Sex,

Incontestability, Suicide and Grace Period provisions.

DEATH BENEFIT OPTIONS

Options — The Death Benefit used in determining the Proceeds Payable on Death will be as provided under one of the Death Benefit Options. The Death Benefit Option for this policy as of the Issue Date is shown on page 3.

Option 1 — The Specified Amount includes the Fund Value. Under this option, the Death Benefit will be the greater of (a) the Specified Amount on the date of death, and (b) a percentage of the Fund Value on the date of death, as determined in the current endorsement entitled, "Statement of Compliance with Federal Laws on Flexible Premium Policies." Unless (b) applies, payment of a premium under this option will not increase the Death Benefit.

Option 2 — The Specified Amount is in addition to the Fund Value. Under this option, the Death Benefit will be the greater of (a) the Specified Amount plus the Fund Value on the date of death, and (b) a percentage of the Fund Value on the date of death, as determined in the endorsement entitled, "Statement of Compliance with Federal Laws on Flexible Premium Policies."

PREMIUMS AND REINSTATEMENT

Premiums — Premium due dates, policy anniversaries, policy years and policy months are measured from the Policy Date. No benefit will be provided on the basis of a premium until that premium is paid. Premiums are payable until the Maturity Date.

Premiums may be paid to us or an authorized representative. A receipt signed by an officer of Preferred Risk Life will be given upon request.

Planned Premiums — Premium reminder notices for planned premiums will be sent at frequencies of 3, 6 or 12 months. The amount and frequency of planned premiums as of the Policy Date are shown on page 3. The frequency and amount of planned premiums may be changed at any time after the first policy year.

Additional Premiums — Additional premiums may be paid at any time while the policy is in force and before the Maturity Date. We will have the right to limit the amount and number of additional premiums, as well as the right to limit any increase in planned premiums, subject to these rules:

1. Additional premiums may be paid only when there is no outstanding loan balance.

2. Limits on planned or additional premiums may be applied to the extent necessary to preserve the favorable income tax status of this policy. A current endorsement containing any such further limits will be sent to the Owner whenever there is any change in these limits.
3. Evidence of insurability satisfactory to us may be required. This will happen only if payment of the additional premium or the new planned premium would, during the current policy year, increase the difference between the Death Benefit and the Fund Value.

Premium Limit Due to Loans — The premium limit due to loans during each policy year will be the sum of the Minimum Monthly Premiums for each of the 12 months of that year. If there is an outstanding loan balance, the sum of all payments to us during each policy year in excess of the premium limit due to loans will be considered as loan balance repayments and not as premiums.

All payments to us during a policy year will be counted in determining when the limit is reached, whether or not there is an outstanding loan balance at the time of payment. The Minimum Monthly Premium on the Issue Date is shown on page 3.

Policy Date — The Policy Date will be the effective date for the coverage provided in the original application.

Issue Date — For any increase, addition to coverage, or reinstatement, the Issue Date will be the Monthly Deduction day on or next following the date of our approval.

Grace Period — If the Cash Value is insufficient to allow a Monthly Deduction on the Monthly Deduction day, we will allow 61 days of grace to pay a premium that will cover the deduction.

During the days of grace the policy will stay in force. If the insured dies during the days of grace, we will deduct the overdue Monthly Deduction(s) from the proceeds. If the premium is not paid within 61 days after the Monthly Deduction day, the policy will terminate without value at the end of the grace period. Written notice will be sent to the Owner not less than 31 days before termination. However, termination will not occur if the policy is being continued under the Minimum Monthly Premium provision.

Minimum Monthly Premium — This policy will not terminate within a three year period following the most recent Issue Date if on each Monthly Deduction day

within that period the sum of premiums paid within that period equals or exceeds the difference between (a) and (b) where:

- (a) is the sum of the Minimum Monthly Premiums, shown on page 3, for each policy month from the start of that period, including the current month; and
- (b) is any withdrawals plus any increase in the loan balance since the start of that period.

Reinstatement — If this policy terminates as provided under Grace Period, it may be restored to full force within 5 years after the date of termination and before the Maturity Date. Evidence of insurability satisfactory to us must be submitted. A premium sufficient to keep the policy in force for the current and next policy month must be paid. The Fund Value of this policy upon reinstatement will be that provided by the premium then paid.

POLICY VALUES

Fund Value — The Fund Value on the Policy Date will be the net premium received as of the Policy Date less the Monthly Deduction for the first month.

The Fund Value after the Policy Date and before the Maturity Date will be (a) minus (b), where

(a) is the sum of

- (1) the Fund Value on the last previous Monthly Deduction day with interest to date, and
- (2) net premiums paid since the last previous Monthly Deduction day with interest to date; and

(b) is the sum of

- (1) any partial withdrawals since the last previous Monthly Deduction day with interest to date, and
- (2) the Monthly Deduction for the month which is then starting if the date of calculation is a Monthly Deduction day.

Net Premium — The net premium is any premium paid less the percent of premium expense charge shown on page 3.

Interest Rate — We will credit interest on the Fund Value at not less than the guaranteed rate. The guaranteed rate is 0.36748% per month, compounded monthly. This is equivalent to 4.5% per year.

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We may credit interest at a rate in excess of the guaranteed rate.

Excess interest will not be credited to any portion of the Fund Value which is used to secure a loan balance.

Monthly Deduction — The Monthly Deduction includes:

- (1) the Cost of Insurance,
- (2) The monthly rider cost, and
- (3) the monthly policy fee of (a) for a policy of less than \$50,000 Specified Amount \$5 if premiums are paid annually, \$6 if paid semi-annually or \$7 if paid quarterly or monthly by pre-authorized check; (b) for a policy of \$50,000 or more Specified Amount \$4 if premiums are paid annually, \$5 if semiannually, or \$6 if paid quarterly or by monthly pre-authorized check.

The first Monthly Deduction day is the Policy Date. Monthly Deduction days occur each month thereafter on the same day of the month as the Policy Date.

Cost of Insurance — This cost is calculated for each month. The cost is determined separately for the Specified Amount on the Policy Date and each increase thereafter.

The Cost of Insurance on any Monthly Deduction is equal to the monthly cost of insurance rate times the difference between (1) and (2), where:

- (1) is the Death Benefit on that date divided by 1.0036748, and
- (2) is the Fund Value on that date before the Cost of Insurance and the monthly charge for any Waiver of Monthly Deductions rider are deducted.

Until the Fund Value exceeds the Specified Amount on the Policy Date, the Fund Value is part of the Specified Amount on the Policy Date for the purposes of Cost of Insurance calculation. Once the Fund Value exceeds that amount, the excess will be part of the increases in the order of any increases.

Cost of Insurance Rates — These rates for each policy year are based on the Insured's attained age and rate class. Attained age means age on the birthday nearest the first day of the policy year in which the Monthly Deduction day occurs. A rate class will be determined for the Specified Amount on the Policy Date and each increase.

Cost of insurance rates may be adjusted by us for projected changes in mortality but no more often than once per calendar year, and in any case can never exceed the maximum monthly cost of insurance rates, for the appropriate rate class. Maximum monthly cost of insurance rates for the standard rate class are shown on page 2.

NON-FORFEITURE PROVISIONS

Continuation of Coverage — If planned premiums are not paid, coverage under this policy will continue to the Maturity Date as long as the Cash Value is sufficient to cover each Monthly Deduction. If the Cash Value is not sufficient to cover a Monthly Deduction, the Grace Period provision will apply.

This provision will not continue coverage beyond the Maturity Date. Nor will it continue any rider beyond the termination date stated in the rider.

Cash Value — This policy may be surrendered for its Cash Value at any time while the Insured is alive and before the Maturity Date. Partial withdrawals will also be allowed. In either case, we may defer payment for up to 6 months, except payment used to pay premiums due us.

The Cash Value will be equal to (a) minus (b) where

(a) is the Fund Value on the date of surrender;

(b) is the sum of

- (1) the Surrender Charge
- (2) any outstanding loan balance.

However, if surrender occurs during the first 31 days of a policy year, the Cash Value will not be less than it was on the first day of that year, less any subsequent loans and partial withdrawals. At no time will the Cash Value be less than zero.

Surrender Charge — The Surrender Charge is a charge made against the Fund Value. The amount of the charge is determined from the table of Surrender Charges shown on page 3 of this policy.

If an increase in the Specified Amount is requested and approved, additional Surrender Charges will apply to that increase. We will provide you with a table of Surrender Charges for the increase in a supplement to page 3.

Any decrease in the Specified Amount will not reduce the original or any additional Surrender Charge.

Upon reinstatement of this policy, no Surrender Charge will apply to coverage which was in force for 2 years prior to the date on which the policy terminated. For coverage which was not in force for such two years, future Surrender Charges will be reduced. The reduction will be in the same proportion which the Surrender Charge on the date of termination bears the Fund Value on that date.

Partial Withdrawal — Partial withdrawals may be made while the Insured is living and before the Maturity Date. However, no partial withdrawals may be made in the first policy year and no more than 3 partial withdrawals may be made in each subsequent year.

The maximum amount of a partial withdrawal at any time will be an amount such that the Cash Value after partial withdrawal will be sufficient to keep the policy in force to the end of the policy year using guaranteed Cost of Insurance rates, guaranteed interest rates and expense charges. The minimum amount of any partial withdrawal will be \$275. A fee of \$25 will be deducted from every partial withdrawal.

A partial withdrawal will reduce both the Fund Value and the Death Benefit. If Option 1 is in effect, the Specified Amount will be reduced by the amount of the Fund Value reduction. The reduction will reduce any past increases in the reverse order in which they occurred.

POLICY LOANS

Cash Loans — We will grant loans while our policy is in force. The loan, when added to any existing loan balance, may not be more than the Loan Value when the loan is made. We may defer payment of loans, except loans to pay premiums due us, for up to 6 months.

Loan Value — The Loan Value will be the amount such that the non-loaned portion of the Cash Value will be sufficient to keep the policy in force to the end of the policy year, calculated using the guaranteed Cost of Insurance rates, guaranteed interest rates and expense charges.

Interest — Loans bear interest at the rate of 7% per year in advance. Interest accrues daily from the date of the loan and is due on the first day of each policy year. If not paid when due, the interest will be added to the loan and will itself bear interest on the same terms.

The loan balance consists of all outstanding loans including accrued interest. If the loan balance grows

to more than the Cash Value, the Grace Period provision will apply.

Repayment — Any loan balance may be repaid in full or in partial payments of not less than \$25 at any time before the Maturity Date while the Insured is living and the policy is in force. Any loan balance will reduce any benefit under this policy.

CHANGES IN INSURANCE COVERAGE

The following changes may be made in this policy more than one year after its most recent Issue Date. A written request will be required. A supplement to page 3 will be sent when a change occurs.

Increase in Amount — For an increase in the Specified Amount, a new application must be submitted. Evidence of insurability satisfactory to us will be required. Either the Cash Value immediately after the increase must be sufficient to cover the next two Monthly Deductions, or the next two Minimum Monthly Premiums must be paid at the time of increase for it to be effective.

The Minimum Monthly Premium will be increased when the Specified Amount is increased or when a benefit rider is added or increased. A new period will begin during which the policy will not terminate if the conditions of the Minimum Monthly Premium provision are met. The new period will begin on the Issue Date of the increase. It will continue through the current policy year to the end of the succeeding policy year.

Decrease in Amount — For a decrease in the Specified Amount, the Issue Date will be the Monthly Deduction day on or next following the date on which the request is received. The decrease will be applied first to any past increases in the reverse order in which they occurred. The minimum Specified Amount allowed after a decrease shall be our published minimum for this type of policy at the time of request.

Change in Death Benefit Option — A change from one Death Benefit Option to the other will take effect on the Monthly Deduction day on or next following the date on which the request is received.

If a change from Option 1 to Option 2 is made, the Specified Amount will be reduced to equal the Death Benefit less the Fund Value at the time of change.

If a change from Option 2 to Option 1 is made, the Specified Amount will be increased to equal the Death Benefit at the time of change. No evidence of insurability will be required.

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Exchange — This policy may be exchanged for a new policy on any plan of insurance, except term insurance, which we issue then. Written notice at least 31 days in advance of the exchange will be required.

The amount of the new policy may not exceed (a) minus (b) where:

- (a) is the Insured's current Death Benefit under this policy plus the Fund Value of the new policy; and
- (b) is the Fund Value of this policy, minus any outstanding loan balance.

The new policy will take effect upon surrender of this policy.

ANNUAL REPORT — PROJECTION OF BENEFITS

We will send a report at least once during each policy year at no cost. The report will show the Fund Value and the Cash Value on the date of the report. It will also show since the last report at least the following information:

- (a) premiums paid;
- (b) the Cost of Insurance and the cost of any riders;
- (c) interest credited;
- (d) expenses deducted;
- (e) the amount of any surrender, Surrender Charges and partial withdrawals;
- (f) a summary of loan activity.

We will provide a projection of illustrative future Death benefits and Fund Values at any time upon written request. We reserve the right to charge a fee for this service.

The illustration will be based on (1) the assumption specified in the request as to Death Benefit Option and premium payment; and (2) other assumptions made in the request or by us.

GENERAL PROVISIONS

The Contract — This policy and the application are the whole contract. A copy of the application is attached to the policy at issue. Any new application

for changes approved by us will become part of the policy.

Alterations — Only an officer of Preferred Risk Life may agree to a change in the policy, and then only in writing. All statements made by or for the Insured are representations and not warranties. No statements will be used to void the policy or defend against a claim unless it is contained in an application.

Payment of Benefits — All benefits are payable at our Executive Office. We may require submission of the policy before we grant loans, make changes or pay benefits.

Age — If the age is misstated, the policy values will be changed to those which would have been provided for the correct age. The change will be based on the difference between the Monthly Deductions made and the correct Monthly Deductions.

Incontestability — We will not contest this policy after it has been in force during the lifetime of the Insured for 2 years from its Policy Date.

For coverage which takes effect on a later date as an increase or reinstatement of insurance, we will not contest such coverage after it has been in force during the lifetime of the Insured for 2 years from its Issue Date. Any contest of such later coverage will be based on the supplemental application.

These incontestability paragraphs do not apply to any Waiver of Monthly Deductions rider.

Suicide — If the Insured commits suicide, while sane or self-destruction while insane, within one year from the Policy Date, only a limited benefit will be paid. The limited benefit will be the premiums paid minus any outstanding loan balance and minus any partial withdrawals.

If the Insured commits suicide, while sane or self-destruction while insane, within 1 year from the Issue Date of any increase in coverage, we will pay only the Monthly Deductions for the increase.

Protection of Proceeds — To the extent provided by law, the proceeds of this policy are not subject to claims by a Beneficiary's creditors nor to a legal process against any Beneficiary.

Non-Participating — This policy is not entitled to share in our surplus or profits. No dividends will be paid.

SETTLEMENT OPTIONS

You may elect to use one of these settlement options in your benefit instructions. If no benefit instructions are in effect at the insured's death, the beneficiary may apply unpaid proceeds under a settlement option.

You may also apply the Proceeds Payable on Maturity or on Surrender under a settlement option.

If a settlement option is elected, this policy must be exchanged for a supplementary contract effective when the policy proceeds first become payable.

Option A. PROCEEDS LEFT AT INTEREST — We will hold the amount applied on deposit. Interest payments will be made annually, semi-annually, quarterly or monthly, as elected.

Option B. FIXED INCOME — We will pay an income of a fixed amount or an income for a fixed period not exceeding 30 years. Refer to the Option B table to

determine the number of fixed amount payments or the amount of each fixed period payment. On request, we will furnish benefit information not shown in the tables.

Option C. LIFE INCOME — We will pay a monthly income during a person's lifetime. A minimum guaranteed period may be used, as shown in the Option C table. Payments will be in an amount we determine, but not less than shown in the table. On request, we will furnish minimum monthly income information for ages not shown in the table.

Option D. JOINT AND SURVIVOR LIFE INCOME — We will pay a monthly income during the lifetime of two persons, and continuing until the death of the survivor. Payments will be in an amount we determine, but not less than shown in the Option D table. On request, we will furnish minimum income information for age combinations not shown in the table.

OPTION B TABLE

| Number of Years Specified | Amount of Installments | | | | Number of Years Specified | Amount of Installments | | | | Number of Years Specified | Amount of Installments | | | |
|---------------------------|------------------------|------------|------------|----------|---------------------------|------------------------|----------|----------|---------|---------------------------|------------------------|----------|----------|---------|
| | Annual | S.-A. | Quar. | Mo. | | Annual | S.-A. | Quar. | Mo. | | Annual | S.-A. | Quar. | Mo. |
| 1 | \$10,000.00 | \$5,049.02 | \$2,536.89 | \$848.39 | 11 | \$1,097.59 | \$554.17 | \$278.45 | \$93.12 | 21 | \$685.39 | \$346.05 | \$173.87 | \$58.15 |
| 2 | 5,098.04 | 2,574.01 | 1,293.32 | 432.52 | 12 | 1,024.54 | 517.29 | 259.91 | 86.92 | 22 | 665.37 | 335.95 | 168.80 | 56.45 |
| 3 | 3,464.89 | 1,749.43 | 879.00 | 293.96 | 13 | 962.92 | 486.18 | 244.28 | 81.89 | 23 | 647.20 | 326.77 | 164.19 | 54.91 |
| 4 | 2,648.94 | 1,337.46 | 672.01 | 224.73 | 14 | 910.28 | 459.60 | 230.93 | 77.23 | 24 | 630.64 | 318.41 | 159.99 | 53.50 |
| 5 | 2,159.88 | 1,090.53 | 547.94 | 183.24 | 15 | 864.82 | 436.65 | 218.39 | 73.37 | 25 | 615.50 | 310.77 | 156.15 | 52.22 |
| 6 | 1,834.25 | 926.12 | 465.33 | 155.62 | 16 | 825.19 | 416.64 | 208.34 | 70.01 | 26 | 601.81 | 303.75 | 152.62 | 51.04 |
| 7 | 1,602.02 | 808.86 | 406.41 | 135.91 | 17 | 790.37 | 399.06 | 200.51 | 67.05 | 27 | 588.83 | 297.30 | 149.38 | 49.96 |
| 8 | 1,428.15 | 721.08 | 362.31 | 121.16 | 18 | 759.55 | 383.50 | 192.89 | 64.44 | 28 | 577.05 | 291.35 | 146.39 | 48.96 |
| 9 | 1,293.20 | 652.84 | 328.07 | 108.71 | 19 | 732.10 | 368.64 | 185.73 | 62.11 | 29 | 566.15 | 285.85 | 143.63 | 48.03 |
| 10 | 1,185.49 | 598.56 | 300.75 | 100.58 | 20 | 707.52 | 357.23 | 179.49 | 60.03 | 30 | 556.06 | 280.76 | 141.07 | 47.18 |

OPTION C TABLE (PER \$10,000 OF POLICY BENEFIT)

| MALE LIVES | | | | | | | | FEMALE LIVES | | | | | | | |
|---------------|-------------------------------|------------------|-------------------|---------------|-------------------------------|------------------|-------------------|---------------|-------------------------------|------------------|-------------------|---------------|-------------------------------|------------------|-------------------|
| Age of Payee* | Full Cash Refund ¹ | 10 Years Certain | No Period Certain | Age of Payee* | Full Cash Refund ¹ | 10 Years Certain | No Period Certain | Age of Payee* | Full Cash Refund ¹ | 10 Years Certain | No Period Certain | Age of Payee* | Full Cash Refund ¹ | 10 Years Certain | No Period Certain |
| 40 | 48.30 | 48.87 | 49.06 | 63 | 83.90 | 86.43 | 89.13 | 40 | 46.48 | 46.77 | 46.85 | 63 | 59.38 | 61.07 | 62.35 |
| 41 | 48.67 | 49.29 | 49.51 | 64 | 85.11 | 87.76 | 90.86 | 41 | 46.78 | 46.09 | 47.18 | 64 | 60.40 | 62.20 | 63.67 |
| 42 | 49.06 | 49.74 | 49.99 | 65 | 86.37 | 89.14 | 92.72 | 42 | 47.09 | 47.43 | 47.53 | 65 | 61.49 | 63.41 | 65.08 |
| 43 | 49.47 | 50.20 | 50.49 | 66 | 87.71 | 90.58 | 94.71 | 43 | 47.42 | 47.78 | 47.90 | 66 | 62.84 | 64.88 | 66.60 |
| 44 | 49.88 | 50.69 | 51.01 | 67 | 89.11 | 92.06 | 96.83 | 44 | 47.76 | 48.16 | 48.29 | 67 | 63.87 | 66.02 | 68.23 |
| 45 | 50.34 | 51.20 | 51.56 | 68 | 90.58 | 93.60 | 99.11 | 45 | 48.13 | 48.56 | 48.70 | 68 | 65.17 | 67.43 | 69.99 |
| 46 | 50.80 | 51.73 | 52.14 | 69 | 92.15 | 95.18 | 101.58 | 46 | 48.51 | 48.97 | 49.14 | 69 | 66.55 | 68.92 | 71.89 |
| 47 | 51.29 | 52.29 | 52.75 | 70 | 93.80 | 96.79 | 103.15 | 47 | 48.91 | 49.41 | 49.60 | 70 | 68.02 | 70.48 | 73.94 |
| 48 | 51.81 | 52.87 | 53.38 | 71 | 95.53 | 98.44 | 104.93 | 48 | 49.33 | 49.88 | 50.09 | 71 | 69.58 | 72.12 | 76.18 |
| 49 | 52.35 | 53.48 | 54.06 | 72 | 97.35 | 100.11 | 106.61 | 49 | 49.78 | 50.37 | 50.61 | 72 | 71.24 | 73.83 | 78.60 |
| 50 | 52.92 | 54.13 | 54.77 | 73 | 99.27 | 101.80 | 108.30 | 50 | 50.25 | 50.89 | 51.16 | 73 | 73.01 | 75.60 | 81.23 |
| 51 | 53.52 | 54.80 | 55.51 | 74 | 101.28 | 103.48 | 110.23 | 51 | 50.74 | 51.44 | 51.73 | 74 | 74.88 | 77.43 | 84.09 |
| 52 | 54.16 | 55.51 | 56.29 | 75 | 103.41 | 105.17 | 112.20 | 52 | 51.26 | 52.01 | 52.34 | 75 | 76.87 | 79.31 | 87.19 |
| 53 | 54.83 | 56.26 | 57.12 | 76 | 105.64 | 106.83 | 114.14 | 53 | 51.81 | 52.63 | 52.99 | 76 | 78.98 | 81.21 | 90.55 |
| 54 | 55.53 | 57.05 | 57.99 | 77 | 107.98 | 108.37 | 116.57 | 54 | 52.39 | 53.27 | 53.68 | 77 | 81.22 | 83.14 | 94.19 |
| 55 | 56.27 | 57.88 | 58.93 | 78 | 110.44 | 110.90 | 118.90 | 55 | 53.00 | 53.95 | 54.42 | 78 | 83.60 | 85.06 | 98.14 |
| 56 | 57.06 | 58.76 | 59.92 | 79 | 113.02 | 113.56 | 121.75 | 56 | 53.65 | 54.69 | 55.20 | 79 | 86.12 | 88.56 | 102.44 |
| 57 | 57.89 | 59.69 | 60.97 | 80 | 115.71 | 116.31 | 124.94 | 57 | 54.34 | 55.44 | 56.03 | 80 | 88.78 | 91.10 | 107.10 |
| 58 | 58.76 | 60.67 | 62.10 | 81 | 118.53 | 119.28 | 128.48 | 58 | 55.06 | 56.25 | 56.92 | 81 | 91.60 | 93.63 | 112.16 |
| 59 | 59.68 | 61.71 | 63.32 | 82 | 121.48 | 122.33 | 131.38 | 59 | 55.83 | 57.10 | 57.86 | 82 | 94.58 | 96.34 | 117.64 |
| 60 | 60.65 | 62.80 | 64.62 | 83 | 124.56 | 125.56 | 134.64 | 60 | 56.64 | 58.01 | 58.87 | 83 | 97.71 | 99.26 | 123.59 |
| 61 | 61.68 | 63.95 | 66.02 | 84 | 127.78 | 128.88 | 137.98 | 61 | 57.50 | 58.97 | 59.95 | 84 | 101.01 | 102.45 | 130.02 |
| 62 | 62.76 | 65.16 | 67.52 | 85 | 131.15 | 132.35 | 141.25 | 62 | 58.41 | 59.99 | 61.11 | 85 | 104.47 | 105.82 | 136.96 |

¹ If payee dies before total received equals the amount applied under full cash refund option, balance will be paid in one sum to estate of payee unless otherwise directed in the election of the option.

REFERRED RISK LIFE INSURANCE COMPANY**OPTION D TABLE (PER \$10,000 OF POLICY PROCEEDS)**

| Male/ Female Age | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 55 | 50.43 | 50.77 | 51.11 | 51.45 | 51.79 | 52.13 | 52.46 | 52.80 | 53.13 | 53.45 | 53.77 | 54.08 | 54.38 | 54.68 | 54.96 | 55.24 |
| 56 | 50.65 | 51.01 | 51.37 | 51.73 | 52.09 | 52.45 | 52.81 | 53.17 | 53.53 | 53.88 | 54.22 | 54.56 | 54.89 | 55.21 | 55.53 | 55.83 |
| 57 | 50.86 | 51.24 | 51.62 | 52.00 | 52.39 | 52.78 | 53.16 | 53.55 | 53.93 | 54.31 | 54.68 | 55.05 | 55.41 | 55.76 | 56.10 | 56.44 |
| 58 | 51.07 | 51.47 | 51.87 | 52.27 | 52.68 | 53.10 | 53.51 | 53.92 | 54.33 | 54.74 | 55.14 | 55.54 | 55.93 | 56.32 | 56.69 | 57.06 |
| 59 | 51.27 | 51.69 | 52.11 | 52.54 | 52.97 | 53.41 | 53.85 | 54.29 | 54.73 | 55.17 | 55.61 | 56.04 | 56.46 | 56.88 | 57.29 | 57.69 |
| 60 | 51.47 | 51.90 | 52.35 | 52.80 | 53.26 | 53.72 | 54.19 | 54.66 | 55.13 | 55.60 | 56.07 | 56.54 | 57.00 | 57.45 | 57.90 | 58.34 |
| 61 | 51.66 | 52.11 | 52.58 | 53.05 | 53.54 | 54.03 | 54.52 | 55.02 | 55.53 | 56.03 | 56.53 | 57.04 | 57.53 | 58.03 | 58.51 | 58.99 |
| 62 | 51.84 | 52.31 | 52.80 | 53.30 | 53.81 | 54.32 | 54.85 | 55.38 | 55.91 | 56.45 | 56.99 | 57.53 | 58.07 | 58.60 | 59.13 | 59.65 |
| 63 | 52.02 | 52.51 | 53.02 | 53.53 | 54.07 | 54.61 | 55.16 | 55.73 | 56.30 | 56.87 | 57.45 | 58.03 | 58.60 | 59.18 | 59.75 | 60.32 |
| 64 | 52.18 | 52.69 | 53.22 | 53.76 | 54.32 | 54.89 | 55.47 | 56.07 | 56.67 | 57.28 | 57.89 | 58.51 | 59.13 | 59.76 | 60.38 | 60.99 |
| 65 | 52.34 | 52.87 | 53.42 | 53.98 | 54.56 | 55.16 | 55.77 | 56.39 | 57.03 | 57.68 | 58.33 | 58.99 | 59.66 | 60.33 | 60.99 | 61.66 |
| 66 | 52.50 | 53.04 | 53.61 | 54.19 | 54.80 | 55.42 | 56.06 | 56.71 | 57.38 | 58.07 | 58.76 | 59.46 | 60.17 | 60.89 | 61.61 | 62.33 |
| 67 | 52.64 | 53.20 | 53.79 | 54.39 | 55.02 | 55.67 | 56.33 | 57.02 | 57.72 | 58.44 | 59.17 | 59.92 | 60.68 | 61.44 | 62.21 | 62.99 |
| 68 | 52.78 | 53.36 | 53.96 | 54.58 | 55.23 | 55.90 | 56.60 | 57.31 | 58.05 | 58.80 | 59.58 | 60.36 | 61.17 | 61.98 | 62.80 | 63.63 |
| 69 | 52.90 | 53.50 | 54.12 | 54.76 | 55.43 | 56.13 | 56.85 | 57.69 | 58.36 | 59.15 | 59.96 | 60.79 | 61.64 | 62.51 | 63.33 | 64.27 |
| 70 | 53.03 | 53.63 | 54.27 | 54.93 | 55.62 | 56.34 | 57.09 | 57.86 | 58.66 | 59.49 | 60.33 | 61.21 | 62.10 | 63.01 | 63.95 | 64.89 |

The age will be the age on the birthday nearest the date the first installment becomes payable. Values for ages not shown will be furnished upon request.

INTEREST

Interest at a rate we set, but never less than 4.5% a year, will be applied to determine the payments under Option A and increase the payments under Option B.

CONDITIONS

When a settlement option is elected, the following conditions will apply:

1. Any amount payable to an assignee will be paid in one lump sum.
2. The amount applied must be at least \$2,000 and result in periodic payments of at least \$25.
3. Settlement options are restricted if the recipient of benefits is not a natural person.
4. One of the persons on whose life payments under Options C and D are based must be the owner, insured or beneficiary. The size of payments depends on age and sex of the person or persons on whose life payments are based. We reserve the right to require evidence of age, sex and continuing survival. The age and sex will be determined as of the effective date of the supplementary contract.

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A COPY OF THE APPLICATION AND ANY RIDERS PROVIDING ADDITIONAL BENEFITS FOLLOW PAGE 4.

Flexible Premium Adjustable Life Policy. Adjustable Death Proceeds Payable at death prior to the Maturity Date. Flexible Premium Payable until Maturity Date or prior death. Net Fund Value Payable if Insured is living on Maturity Date. Non Participating. No Dividends are Payable.